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Special Commission 1
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STATEMENT TO THE PLENARY BY THE CHAIRMAN OF SPECIAL COMMISSION 1 ON THE PROGRESS OF WORK IN THAT COMMISSION

1. During this meeting, Special Commission 1 accomplished a great deal of work in substantive areas in spite of, or perhaps because of, the responsibility imposed on it for preparing a draft provisional report. Considerable progress was made in all three of the organs of the Special Commission - its plenary, the Ad Hoc Working Group and the Negotiating Group.

Programme of work

2. As recommended by its Bureau, the Special Commission adopted its work programme for the current meeting: (a) the plenary would consider four matters: (i) the background paper prepared by the Secretariat, dealing with projection of demand, supply and price of the metals contained in polymetallic nodules (LOS/PCN/SCN.1/WP.15), (ii) the report of the Ad Hoc Working Group, (iii) the report of the Chairman's Negotiating Group and (iv) the preparation of the draft provisional report of the Special Commission; (b) the Ad Hoc Working Group would complete its work on the three "hard core" issues entrusted to it; (c) the Chairman's Negotiating Group would complete its first round of negotiations on the provisional conclusions contained in document LOS/PCN/SCN.1/1990/CRP.16/Rev.1 and, if time permitted, review and improve upon the outcomes of the first round.

3. The Special Commission held five meetings and the Ad Hoc Working Group held four meetings, sharing meeting time and facilities with the Special Commission. The Negotiating Group met six times. The Bureau of the Special Commission met twice.

I. WORK OF THE PLENARY OF THE SPECIAL COMMISSION

Consideration of document LOS/PCN/SCN.1/WP.15

4. This study deals with the salient features of projection exercises, discusses the factors that have to be kept in view in relation to projection, presents an overview of long-term projections of demand/supply/price of copper, nickel, cobalt and manganese that are available currently, emphasizing the various alternative methodologies used in projection exercises, and provides an indicative list of sources of data and information on projection. The study highlights the variability in the outcomes of projection exercises, especially in view of the wide range of forecasts about the growth of world economy in the future, the uncertainties with regard to whether and to what extent structural changes are occurring in the metal markets, and the possible biases influenced by the circumstances at the time of projection. Thus, the paper emphasizes the need for a flexible approach in studying projections of metal markets, particularly for the long-term future.

5. During the discussion, delegations pointed out the difficulties of projecting the future metal situation and the technically complex nature of projection exercises. In view of those difficulties and complexities, some delegations cautioned against the Authority embarking upon projection exercises. The document presented an overview of currently used projection methodologies, but in doing so, discussed old projections; some delegations pointed to the usefulness of keeping abreast of recent projections.

6. In general, delegations agreed with the conclusion contained in the document that available projections should be kept under review on a continuing basis.

7. With the consideration of this item on projection, the Special Commission completed its consideration of all the items it had planned to deal with, as proposed in its detailed work programme prepared at the inception of the Special Commission, at the second session (LOS/PCN/SCN.1/1984/CRP.3).

II. WORK OF THE AD HOC WORKING GROUP

8. During the current meeting, the Ad Hoc Working Group, under the chairmanship of Mr. Luis G. Preval Paez (Cuba), completed its work on the three "hard core" issues entrusted to it. On the issue of criteria for the identification of developing land-based producer States likely to be or actually affected by seabed production, the final revisions made during this meeting are contained in document LOS/PCN/SCN.1/1992/CRP.18/Rev.4. While there was agreement in almost all the areas, the document reflects disagreement in two relatively small areas. However, the Chairman noted that in the course of deliberations on the document possibilities emerged for resolution in those two areas. On the issue of assistance measures for developing land-based producer States, including system of compensation/compensation fund, the final revisions made during the current

meeting are contained in document LOS/PCN/SCN.1/1992/CRP.19/Rev.3. That document reflects agreement on the fundamental issue of the creation by the Authority of a fund for the purpose of assistance to developing land-based producer States, although there still remain certain areas of disagreement at the present time. On the issue of the effects of subsidized seabed mining, a compromise proposal has been worked out in the Group.

9. The report of the Chairman of the Ad Hoc Working Group is annexed to the present statement. The Special Commission would like to put on record its deepest appreciation for the untiring and solution-seeking efforts of the Chairman of the Group, Mr. Luis G. Preval Paez, and for the accomplishments of the Group on the "hard core" issues which seemed intractable at the outset.

III. WORK OF THE CHAIRMAN'S NEGOTIATING GROUP

10. During the last session at Kingston, the Group dealt with the first nine of the 17 provisional conclusions contained in document LOS/PCN/SCN.1/1990/CRP.16/Rev.1. During the current meeting, the Group completed its deliberations on the remaining eight provisional conclusions and the two annexes. The Group then reviewed the whole set of 17 provisional conclusions and three annexes.

11. The outcomes of the negotiations in the Group are reflected in the revised versions of the provisional conclusions, annexed to the draft provisional report of the Special Commission. As is evident from these revisions, I felt that some agreements have been reached on a large number of issues under the wide range of items dealt with by the Special Commission, as per its mandate. There are, however, still some disagreements on certain issues; the three most significant ones, in my view are: (a) whether the assistance to be provided by the Authority to developing land-based producer States, and the fund to be created for this purpose, could be termed economic adjustment assistance or compensation; (b) what would be the role of the Authority vis-à-vis existing organizations in deciding upon and implementing assistance measures; and (c) whether the Authority would be in a position to contribute to the financing of assistance measures, when such assistance was provided prior to the commencement of commercial production from the Area. Delegations will review these revisions again.

12. There was, however, universal and unanimous agreement on the fundamental issue that developing land-based producer States, if they are likely to be or actually affected by seabed production in the future, shall be assisted. As Chairman of the Group and of the Special Commission, I should like to record my sincerest appreciation for the spirit of cooperation and compromise demonstrated by all members of the Group.

IV. DRAFT PROVISIONAL REPORT OF THE SPECIAL COMMISSION

13. During this meeting, the draft provisional report of Special Commission 1 was prepared. As mentioned above, the revisions made, up until the present time, on the provisional conclusions, which constitute the draft provisional recommendations to the Authority on the matters mandated to it, resulting from the deliberations of the Special Commission, are annexed to the report. The list of documents of the Special Commission is included as an appendix to the report. The work of the Special Commission was of a highly technical nature, involving the utilization of data and information, research and analysis, studies and assessments. The documentation of the Special Commission which is a record of its work constitutes, therefore, an extremely useful reference and source material for the Authority. For this purpose, inter alia, the documentation of the Special Commission will be attached to this report as an addendum.

14. Due to time limitation, the Special Commission did not have an opportunity to consider the draft provisional report. The Special Commission plans to consider the report and its draft provisional recommendations during the next session and, I hope, will finalize them.

Annex

REPORT OF THE CHAIRMAN OF THE AD HOC WORKING GROUP
OF SPECIAL COMMISSION 1

Criteria for identification of developing land-based producer States likely to be or actually affected by seabed production in the future

1. During the last session at Kingston, the Group had discussed this issue on the basis of the revised suggestions of the Chairman put forward in document LOS/PCN/SCN.1/1992/CRP.18/Rev.3. Those discussions pointed to a few areas where compromises could be reached. During the current meeting, building upon those trends, the Chairman issued revised suggestions in LOS/PCN/SCN.1/1992/CRP.18/Rev.4. There were basically four areas where revisions were made: (a) factors in relation to a safeguard clause with regard to the dependency threshold; (b) a safeguard clause with regard to trigger threshold; (c) nature of the figures for the dependency threshold and the trigger threshold; and (d) certain editorial changes.

2. In the safeguard clause with regard to the dependency threshold (CRP.18/Rev.3, para. 2 (b)), in response to concerns of some delegations, the Chairman made revisions that the Authority would make a determination on a case-by-case basis, taking into account all relevant factors, or alternatively, taking into account economic and social development factors.

3. In CRP.18/Rev.3, there was no safeguard clause with regard to trigger threshold. During the last session, there were proposals from Indonesia and the European Economic Community (EEC) on this matter; however, no agreement was reached. As a compromise, the Chairman utilized the idea of determination by the Authority on a case-by-case basis, an idea which has already been used in connection with the safeguard clause with regard to the dependency threshold. In recognition of the fact that such a safeguard clause may be too broad, the Chairman added that such a determination would be made subject to the considerations of cost-effectiveness and the Authority's work efficiency. He then combined the two safeguard clauses, one with regard to the dependency threshold and the other with regard to the trigger threshold, in one paragraph. He also included the suggestions by Indonesia and EEC, respectively. All the three alternatives were put forward in CRP.18/Rev.4.

4. With regard to the nature of the figures for the dependency threshold and the trigger threshold (CRP.18/Rev.3, para. 5), with a view to introducing flexibility to adapt to the realities of the situation but at the same time avoiding ad hoc changes, a new provision was suggested.

5. Since there was no agreement on the two matters mentioned in paragraphs 2 and 3 above, the revisions appeared within square brackets in document CRP.18/Rev.4. That document was forwarded to the Chairman's Negotiating Group. However, in the course of discussions in the Group on the suggestions contained in CRP.18/Rev.4, some general trends emerged towards agreement on the two matters. It appeared that, if in the combined safeguard clause

suggested by the Chairman in CRP.18/Rev.4 the two stages relating to the dependency threshold and the trigger threshold could be made distinct and clear, delegations might be able to accept it as a compromise. It also appeared that some kind of a combined wording to the effect that relevant factors including effects on economic and social development would be taken into account by the Authority in making the determination on a case-by-case basis, would also be acceptable to delegations. Finally, the three-year average mentioned in paragraph 2 (c) of CRP.18/Rev.4 to be modified to an average of three years at the least, could also be acceptable to all delegations.

The issue of assistance measures for developing land-based producer States, including system of compensation/compensation fund

6. The latest revisions made by the Chairman on this issue had been contained in document LOS/PCN/SCN.1/1991/CRP.19/Rev.2. The most difficult matter on which the disagreement was most extensive, was the nature of the assistance measure of the Authority for developing land-based producer States. While one group of delegations strongly preferred a compensation measure, another group of delegations insisted on an economic adjustment measure alone. During the current meeting, the Chairman issued further revisions in LOS/PCN/SCN.1/1992/CRP.19/Rev.3, the main element of which was to combine both types of measures and to use wording to the effect that the Authority's measure would be an economic adjustment measure, or if the situation warranted, would be a compensation measure. Since there was no agreement on the issue, this wording appeared within square brackets.

7. CRP.19/Rev.3 was forwarded to the Chairman's Negotiating Group. In the course of the discussion in the Ad Hoc Working Group on CRP.19/Rev.3, no trend emerged pointing to resolution of the above matter.

The issue of the effects of subsidized seabed mining

8. The Group had before it a proposal by the delegation of Australia (LOS/PCN/SCN.1/1989/CRP.15). One of the most important matters on which this issue hinged was the outcome of the Uruguay Round of Negotiations of the General Agreement on Tariffs and Trade (GATT). During the current meeting Australia, in consultation with a number of interested delegations, especially EEC and Canada, made a compromise proposal. There seemed to be general agreement in the Group on that proposal. Thus, that proposal has been forwarded to the Chairman's Negotiating Group.

Concluding remarks

9. The Ad Hoc Working Group of Special Commission 1 completed its work on the three "hard core" issues entrusted to it. The outcomes of its deliberations have been forwarded to the Chairman's Negotiating Group during this meeting. The Chairman of the Group would like to put on record his appreciation for the cooperative and compromise-seeking attitude and endeavours of the members of the Group. The Chairman also expresses his thanks for the valuable advice and guidance provided to him by the Chairman of the Special Commission.